

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

REVIEW OF CALCULATION OF COMPETITIVE
PRODUCTS ASSUMED INCOME TAX, 2016

Docket No. T2017-1

NOTICE OF THE UNITED STATES POSTAL SERVICE OF
SUBMISSION OF THE CALCULATION OF THE FY 2016 ASSUMED
FEDERAL INCOME TAX ON COMPETITIVE PRODUCTS
(January 12, 2017)

In accordance with 39 CFR § 3060.40(c), the Postal Service hereby gives notice of filing the attached material showing the calculation of the assumed Federal income tax on competitive products for FY 2016.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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**Calculation of Assumed Federal Income Tax on Competitive Products Income
for the Fiscal Year ending September 30, 2016**

FY 2016 Competitive Products Income Before Tax

Source: FY16 Competitive Products Income Statement (Docket ACR2016, USPS-FY16-39, PRC Form CP01)
(\$ in 000s)

Revenue	
(1) Mail and Services Revenues	\$ 18,497,614
(2) Investment Income	\$ -
(3) Total Competitive Products Revenue	\$ 18,497,614
Expenses	
(4) Volume Variable Costs	\$ 12,369,400
(5) Product Specific Costs	\$ 126,800
(6) Total Competitive Products Attributable Cost	\$ 12,496,200
(7) Net Contribution Competitive Products Market Tests	\$ (2,570)
(8) Net Income Before Institutional Cost Contribution	\$ 5,998,844
(9) Required Institutional Cost Contribution	\$ 1,999,987
(10) Net Income Before Tax	\$ 3,998,857

**Postal Service Competitive Products Fund
2016 Assumed Federal Income Tax**

Net Income (Loss) Before Tax	\$ 3,998,857
Temporary Timing Differences*	N/A
Permanent Differences**	\$0
Taxable Income	\$ 3,998,857
Tax Calculation =	
Tax on \$3,998,857,000 @ 35%	
Assumed Federal Income Tax to be transferred to the Postal Service Fund	\$ 1,399,600

Tax Rate (IRS Form 1120, Schedule J - Line 2)

If taxable income (line 30, Form 1120) on page 1 is:

Over—	But not over	Tax is	Of the amount over---
0	50,000	15%	\$0
50,000	75,000	\$7,500 + 25%	\$50,000
75,000	100,000	\$13,750 + 34%	\$75,000
100,000	335,000	\$22,250 + 39%	\$100,000
335,000	10,000,000	\$113,900 + 34%	\$335,000
10,000,000	15,000,000	\$3,400,000 + 35%	\$10,000,000
15,000,000	18,333,333	\$5,150,000 + 38%	\$15,000,000
18,333,333	'-----	35%	\$0

* Per PRC Order 106 -- Section IV (Calculation of Assumed Federal Income Tax)

** Permanent differences (including Meals and Entertainment) are not material and are excluded